



Department of the Navy Utilities Privatization Quarterly Report

Submitted to
Under Secretary of Defense for
Acquisition, Technology and Logistics
April 2004

EXECUTIVE SUMMARY

INTRODUCTION

This quarterly report provides the status on executing the Department of the Navy's (DoN) Implementation Plan for privatizing utility systems as submitted by the Secretary of the Navy to the Deputy Under Secretary of Defense for Installations in support of the Department of Defense Reform Initiative Directive (DRID) #49 – *Privatizing Utility Systems*. This report updates the planning, scheduling and execution requirements outlined in the Navy and Marine Corps Utilities Privatization Implementation Plans. Included is a detailed listing of the current inventory of Navy and Marine Corps utility systems worldwide and its associated execution status information, a total of 816 systems at 138 activities/installations. All data is current as of 31 March 2004.

SUMMARY OF PROGRESS

1. Progress Reports. DoN's progress towards meeting the goals established under the DOD Revised Guidance for Utilities Privatization Program of 9 Oct 2002 is summarized below. We have also forwarded an electronic copy of this report, along with its supporting database.

a. Current Status.

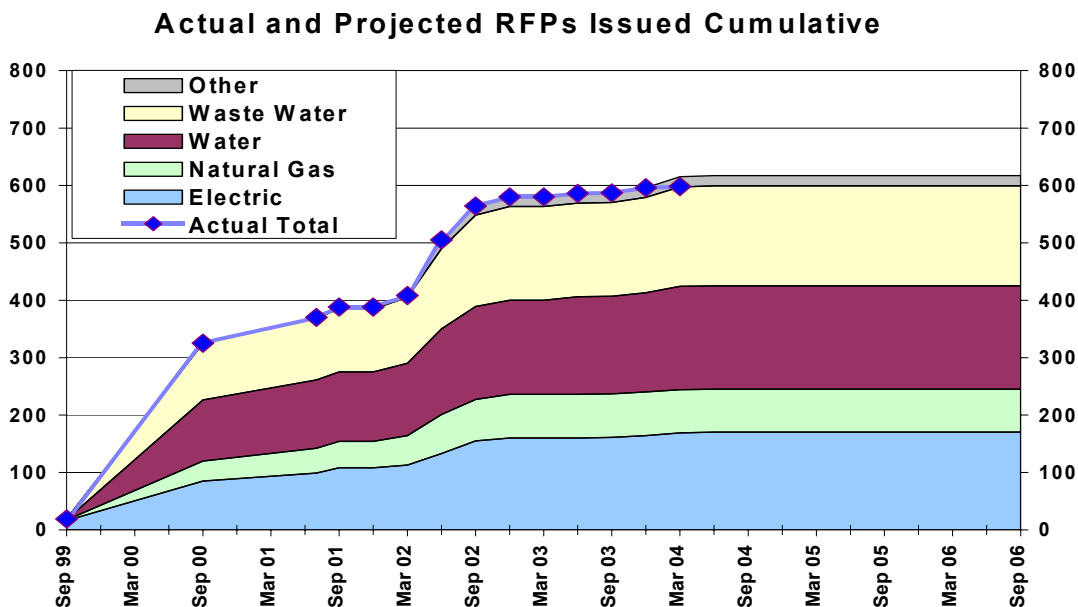
System Type	Total Number of Systems	Privatized Before Dec 98	Owned By Others	Available to Privatize	Pending Re-Assessment	On Hold or Temp Defer	Active Pending RFP Release	RFP Released Pending Closure	RFP Closed Pending SSA Decision	SSA Decision Made Pending Notification	Security & Mission Exempt	Econ. Exempt Pre-RFP	Econ. Exempt Post-RFP	Contract Award
Electric	242	2	55	185	1	3	7	0	123	31	7	4	6	5
NG	85	7	1	77	0	0	0	0	59	7	0	1	6	4
Water	239	0	49	190	0	8	3	3	139	24	3	3	4	3
WW	232	0	48	184	0	8	5	3	138	19	3	2	4	3
Other	18	0	0	18	0	0	1	0	12	3	0	0	2	0
Total	816	9	153	654	1	19	16	6	471	84	13	10	22	15
				654	Delayed:		16	Under Acquisition:		561	Total Exempt:		45	15
				100%	3%		2%	86%			7%		2%	

System Type	# With at least RFP Closed or Exempt	%	# With at least SSA Decision Made or Exempt	%	Total # of Systems Privatized	% of Total Systems Privatized	% of Total Systems Originally Owned by Others	% of Total Systems Exempt	Total DRID Complete
Electric	176	95%	53	29%	7	3%	23%	7%	33%
NG	77	100%	18	23%	11	13%	1%	8%	22%
Water	176	93%	37	19%	3	1%	21%	4%	26%
WW	169	92%	31	17%	3	1%	21%	4%	26%
Other	17	94%	5	28%	0	0%	0%	0%	11%
Total	615	94%	144	22%	24	3%	19%	6%	27%

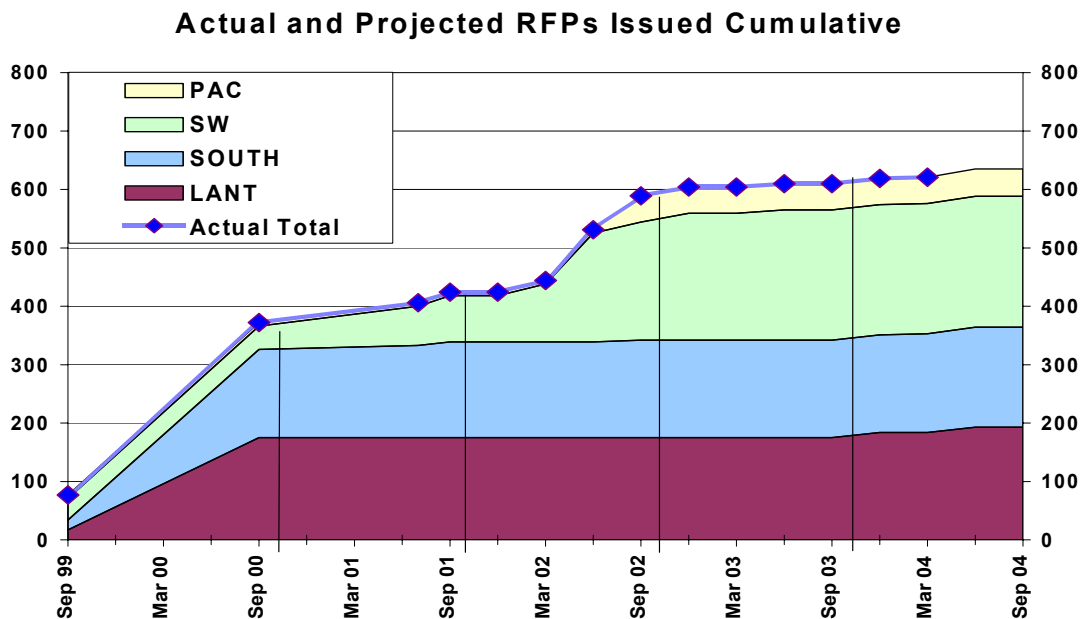
b. Projected and Actual Progress Summaries.

System Type	E	G	W	WW	O	Total	%	E	G	W	WW	O	Total	%
Avail. To Priv.	185	77	190	184	18	654		185	77	190	184	18	654	
	Planned RFPs Issued Cumulative							Actual RFPs Issued Cumulative						
Sep 99	16	1	1	1	0	19	3%	16	1	1	1	0	19	3%
Sep 00	85	35	106	99	0	325	50%	85	35	106	99	0	325	50%
Jun 01	99	43	119	108	1	370	57%	99	43	119	108	1	370	57%
Sep 01	108	46	121	110	3	388	59%	108	46	121	110	3	388	59%
Dec 01	108	46	121	110	3	388	59%	108	46	121	110	3	388	59%
Mar 02	113	51	126	115	3	408	62%	113	51	126	115	3	408	62%
Jun 02	133	68	149	140	15	505	774%	133	68	149	140	15	505	774%
Sep 02	155	72	162	159	16	564	86%	155	72	162	159	16	564	86%
Dec 02	160	76	164	163	17	580	89%	160	76	164	163	17	580	89%
Mar 03	160	76	164	163	17	580	89%	160	76	164	163	17	580	89%
Jun 03	160	76	170	163	17	586	90%	160	76	170	163	17	586	90%
Sep 03	163	76	176	168	17	600	92%	172	77	176	168	17	610	93%
Dec 03	169	76	180	173	17	615	94%	175	77	179	171	17	619	95%
Mar 04	170	76	180	173	18	617	94%	175	77	179	171	17	619	95%
Jun 04	171	76	180	174	18	619	95%							
Sep 04	171	76	180	174	18	619	95%							
	Planned RFPs Closed or Exempted Cumulative							Actual RFPs Closed or Exempted Cumulative						
Sep 00	22	11	11	10	0	54	8%	22	11	11	10	0	54	8%
Sep 01	42	16	29	27	2	116	18%	42	16	29	27	2	116	18%
Dec 01	45	19	32	30	2	128	20%	45	19	32	30	2	128	20%
Mar 02	49	20	35	33	3	140	21%	49	20	35	33	3	140	21%
Jun 02	49	26	43	40	2	160	22%	49	26	43	40	2	160	22%
Sep 02	61	31	61	53	2	208	31%	61	31	61	53	2	208	31%
Dec 02	79	38	81	73	3	274	41%	79	38	81	73	3	274	41%
Mar 03	102	44	95	94	3	338	51%	102	44	95	94	3	338	51%
Jun 03	146	69	139	139	15	508	77%	146	69	139	139	15	508	77%
Sep 03	158	73	149	148	17	545	83%	158	73	149	148	17	545	83%
Dec 03	159	74	152	146	17	548	84%	158	73	155	148	17	551	84%
Mar 04	177	77	179	172	17	622	95%	175	77	176	168	17	613	94%
Jun 04	179	77	180	173	18	627	96%							
Sep 04	182	77	182	176	18	635	97%							
Dec 04	182	77	182	176	18	635	97%							
Mar 05	182	77	182	176	18	635	97%							
Jun 05	182	77	182	176	18	635	97%							
Sep 05	185	77	190	184	18	654	100%							
	Planned SSA Decisions Cumulative							Actual SSA Decisions Cumulative						
Sep 00	7	1	2	2	0	12	2%	7	1	2	2	0	12	2%
Sep 01	7	2	5	4	0	18	3%	7	2	5	4	0	18	3%
Dec 01	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Mar 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Jun 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Sep 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Dec 02	8	4	8	7	0	27	4%	8	4	8	7	0	27	4%
Mar 03	14	9	8	7	0	38	6%	14	9	8	7	0	38	6%
Jun 03	20	11	11	10	0	52	8%	20	11	11	10	0	52	8%
Sep 03	22	11	11	10	2	56	9%	22	11	11	10	2	56	9%
Dec 03	38	17	32	31	3	121	19%	35	18	28	25	5	111	17%
Mar 04	43	20	36	34	4	137	21%	53	18	37	31	5	144	22%
Jun 04	44	22	38	37	5	146	22%							
Sep 04	104	41	90	90	5	330	50%							
Dec 04	125	59	111	111	16	422	64%							
Mar 05	131	62	124	118	16	451	69%							
Jun 05	163	73	159	152	17	564	86%							
Sep 05	185	77	190	184	18	654	100%							

2. [RFP Issued Status](#). ASD directed in December 2003 that a new method of counting be used for this chart. This new method excludes the Security and Economic (Pre-RFP) Exemptions from the RFP Issued chart. RFPs have been issued for 596 of 631 systems, which represent 94% of DoN systems for which an RFP is to be issued. This has not changed from last quarter.

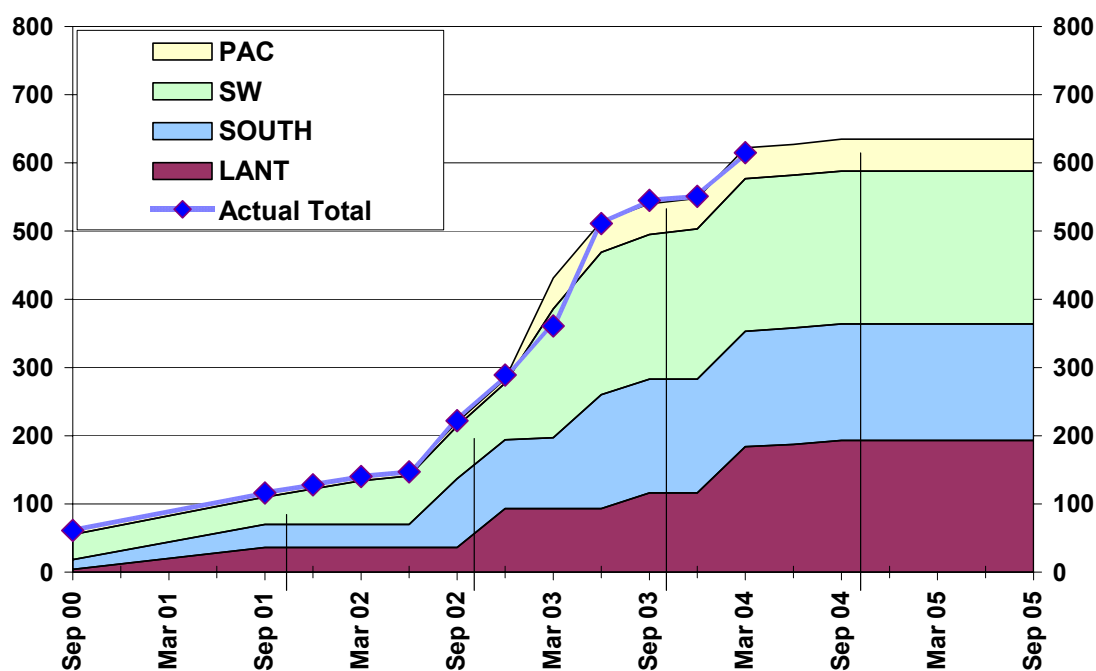


DoN finds the previous RFPs Issued counting methodology, which included all exemptions (to show all systems which have passed this milestone), to be more useful for its own purposes, and has therefore included this data as well. RFPs have been issued (or have been exempted) for 619 of 654 systems, which represent 95% of DoN systems being considered for privatization.



3. RFP Closure Status. RFPs have closed (or have been exempted) for 613 systems, or 94%. Last quarter, 551 systems, or 84%, had closed. By the next quarterly report, DoN expects to have closed RFPs for 627 systems (96%).

Actual and Projected RFPs Closed or Exemptions

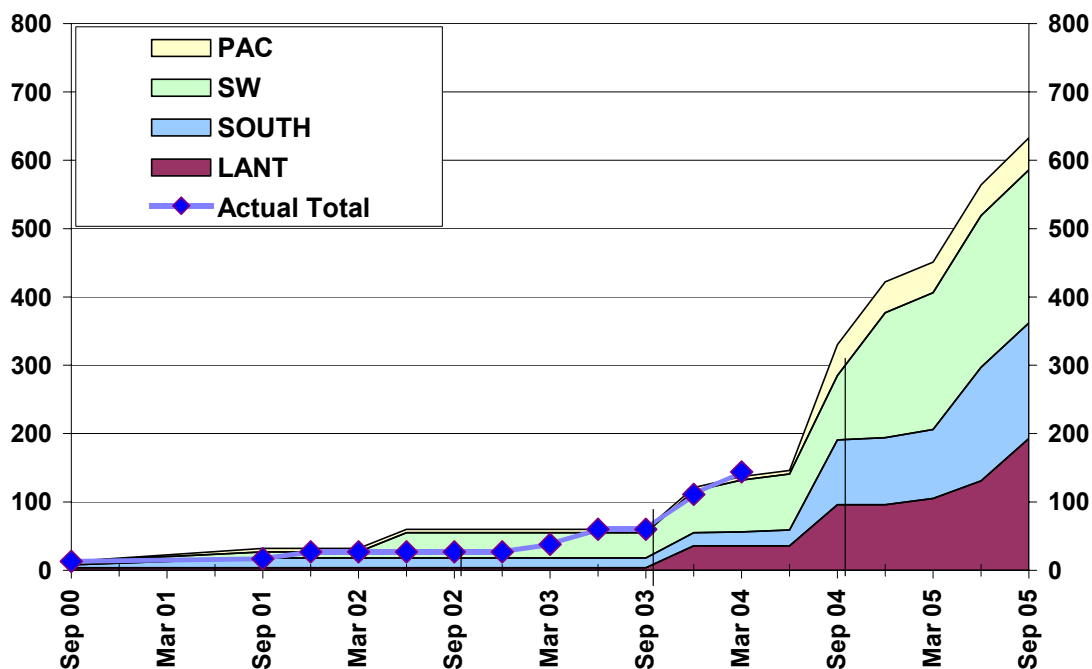


4. SSA Decisions. To date, there have been 144 of 654 systems (22% of DoN systems being considered for privatization) that have either been exempted or have reached SSA decisions. This is an increase from 111 systems (17%) last quarter. DoN expects to meet the proposed OSD Milestone of having achieved SSA decisions for all systems by 30 September 2005. The Navy also expects to have SSA decisions for 40% of systems by 30 September 2004, and 50% of systems by February 2005. It can be noted that the majority of DoN's SSA decisions to date have been to exempt the systems as uneconomical. DoN has always expected that many of the uneconomical decisions would be completed earlier and the systems with actual privatization awards completed later. Historical experience shows it takes more time and effort to analyze and negotiate a successful privatization than it is to complete analysis of an unsuccessful effort.

Decisions This Quarter

- There were 33 SSA decisions made during the past quarter. These decisions, as well as many of the decisions that were made during the previous quarter, are still working through the chain of command for approval.

Actual and Projected SSA Decisions or Exemptions



5. Privatization Awards. There were no privatization awards made during the last quarter. To date, there have been 15 systems with privatization awards.

Privatization Awards

Activity	Water	Electric	Sewer	Gas	Other	Comments
NSY Norfolk	-	1	-		-	Privatized Jul 1999
NSA Midsouth	-	-	-	1	-	Privatized (by replacement) Sep 1999
NCBC Gulfport	-	-	-	1	-	Privatized (by replacement) Dec 2000
COMNAVREG San Diego (Housing)	3	2	3	2	-	Privatized (by Housing PPV) May 2003
NAVSTA Everett Magnolia Quarters	-	1	-	-	-	Privatized (by real estate transaction) Aug. 2003
NAS Atlanta Windy Hill site	-	1	-	-	-	Privatized (by service contract modification) Sep 2003

6. Exemptions. There were new economic exemptions granted during the past quarter for 4 water and wastewater systems at Twenty-nine Palms. The current status of all exemptions is shown in the following three tables.

Security Exemptions

Activity	Water	Electric	Sewer	Gas	Other	Comments
NSF Thurmont	1	1	1	-	-	Approved by DASN(I&F) Apr 1999
SWFLANT Kings Bay	-	1	-	-	-	Emergency Electrical System for Limited Area approved Jul 1999
SUBASE Kings Bay	1	1	1	-	-	Approved by DASN (I&F) May 2001
SUBASE Bangor	1	-	1	-	-	Approved by DASN (I&F) May 2001
NAVMAG Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003
PWC Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003
NAVHOSP Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003
NCTS Guam	-	1	-	-	-	Approved by DASN (I&F) July 2003

Economic Exemptions Pre-RFP

Activity	Water	Electric	Sewer	Gas	Other	Comments
NSB Bangor	-	1	-	-	-	Approved by DASN (I&F) Sep 2000
NAVSTA Bremerton	-	1	-	-	-	Approved by DASN (I&F) Sep 2000
NRC Jim Creek	-	1	-	-	-	Approved by DASN (I&F) Sep 2000
NAWCTSD Orlando	1	-	1	-	-	Approved by DASN (I&F) Sep 2000
MCB Kaneohe Bay	1	-	-	-	-	Approved by DASN (I&F) Apr 2001
Ind Ord Plt Magna, Utah	1	1	1	1	-	Approved by DASN (I&F) Dec 2001

Economic Exemptions Post-RFP

Activity	Water	Electric	Sewer	Gas	Other	Comments
NAS Atlanta	2	-	2	1	-	Approved by DASN (I&F) Nov 2001
MCAS Yuma	-	6	-	3	-	Approved by DASN (I&F) Feb 2003
MCLB Barstow	-	-	-	2	-	Approved by DASN (I&F) Feb 2003
NAS Whidbey Island	-	-	-	-	1	Approved by DASN (I&F) Oct 2003
NAVSTA Everett	-	-	-	-	1	Approved by DASN (I&F) Oct 2003
MAGTFTC 29 Palms	2	-	2	-	-	Approved by DASN (I&F) Mar 2004

7. [Deferrals](#). DoN has several systems that it has granted deferrals (or temporary exemptions). DoN recognizes that OSD guidance does not specifically authorize deferrals. All of the systems deferred by DoN have strong reasons why they should not be privatized at this time, and could have been exempted. However, it is anticipated that the barriers to privatization may be overcome at some point in the future, at which time these systems will be revisited for privatization. The barriers for privatization of these systems are not close enough to being removed to have entered specific plan dates into the schedule. No new deferrals were granted during the past quarter. The deferred systems at Roosevelt Roads will be removed from the database during the September baseline adjustment because the installation has recently closed.

Deferrals

Activity	Water	Electric	Sewer	Gas	Other	Comments
NS Roosevelt Roads	3	-	2	2	-	Approved by DASN (I&F) Dec 2001
MCB Camp Pendleton	4	-	3	-	-	Approved by DASN (I&F) Apr 2003
NAVMAG Guam	1	-	-	-	-	Approved by DASN (I&F) July 2003
PWC Guam	1	-	1	-	-	Approved by DASN (I&F) July 2003
NAVHOSP Guam	-	-	1	-	-	Approved by DASN (I&F) July 2003
NCTS Guam	-	-	1	-	-	Approved by DASN (I&F) July 2003